Global Cable: Market trends & business models
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2005: Cable TV drove market with multiple high penetration/low ARPU markets
Today, penetration has dropped, but ARPU has grown substantially.
Consolidation monitor: Largest cable co share of cable TV RGUs by country

Cable consolidation and cable pay TV positioning

- **Low consolidation & strong cable pay TV position**
  - China
  - India
  - Lithuania
  - South Korea
  - US
  - Thailand
  - Poland
  - Russia
  - Bulgaria
  - Norway
  - Latvia
  - Slovakia
  - Germany
  - Estonia
  - Slovenia
  - Japan
  - Israel
  - Colombia
  - Sweden
  - Belgium
  - Mexico

- **Low consolidation & weak cable pay TV position**
  - Peru
  - Slovenia
  - Spain
  - UK
  - France

- **High consolidation & strong cable pay TV position**
  - Argentina
  - Costa Rica

- **High consolidation & weak cable pay TV position**

- **Poland post MM Polska combination**

Great place for consolidation

Great place to be!

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Understanding the Future of Entertainment
Broadband: key ARPU contributor = to 50% of blended average income in CEE
Broadband speed and penetration are largely in step around the world

Analysis based on Ampere Analysis and Akamai State of the Internet
But speed becomes less important to consumers once it reaches a certain rate

Broadband subs – chose broadband service because of speed (%)

Speed is more likely to be a limiting factor for use of service in infrastructure-poor markets - it becomes a more important criterion for selecting a provider than in developed markets where small price differences are more relevant to consumers than the difference between (for instance) 35Mbps and 45Mbps

Improving broadband infrastructure
Mobile data usage is growing rapidly in fixed infrastructure-poor markets.

Traffic per smartphone – GB/month

Per device volumes remain highest in North America and Europe, but usage is closing fast in APAC, CEMA and LAM.

Mobile data volumes are climbing worldwide – driven primarily by Asia, but with other regions responsible for significant volume. CEMA (Central and Eastern Europe, Middle East and Africa) is already responsible for nearly a fifth of global mobile data traffic.

Source: Ericsson Mobility
And this infrastructure variation reflected in online video viewing medium

Internet users watching online video daily on smartphone or PC/TV (% of respondents, Q3 2017)

Smartphone viewing becomes proportionally more important for Internet users in markets such as Turkey and Saudi Arabia, where fixed broadband is typically of lower quality/speed than in Western European markets. In Western markets such as the UK, France or Germany, consumers are much more likely to rely on PCs or Smart TVs for streaming content than they are smartphones.
Broadcasters are regaining ‘lost’ audience reach through OTT offerings...

Of UK internet users, 77% (self-reported) watched BBC channels in the month preceding the Q3 2017 Ampere survey. 56% watched iPlayer, 7% watched iPlayer but not BBC channels, indicating that the catch-up service could be delivering a 9% audience reach boost over and above the broadcast channels alone.

Watched BBC channels in last month: 77%

Watched iPlayer only in last month – 7%

In France, MyTF1 delivers a 4% audience reach boost – 3% of the French population use myTF1 but didn’t watch the group’s broadcast channels in the month prior to responding to the Q3 survey.

Watched myTF1 only in last month – 3%

Watched TF1 channels + myTF1 in last month – 24%

Watched TF1 channels in last month: 73%
...and are more effectively reaching older consumers than other OTT services

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<th>Age Group</th>
<th>Pirate</th>
<th>Social Video</th>
<th>SVoD</th>
<th>Catch-up</th>
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Europe: Share of monthly users, by age (%)

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Catch-up and operator-led TV Everywhere services are more effectively reaching older consumers than social video and SVoD players.
Significant differences in terms of broadcast viewing by age bracket

- Unsurprisingly, older French consumers are more avid viewers of broadcast content, while younger consumers watch the least broadcast TV.
France example: Time spent viewing on-demand TV, by age bracket (self-reported), h:m:s

- On-demand service viewing has less of a prime-time peak than scheduled broadcast TV, and younger age brackets watch substantially more VoD.
- Prime-time is effectively extended, as VoD aids viewing flexibility – peaks on mobile devices during lunchtime, particularly among younger viewers.
This means that online viewing tends to be (partly) complementary

Source: BARB, Zenith, Ampere models and estimates. Note, YouTube and Facebook estimates are indicative only.
But changes in viewing patterns do eventually feed through to revenue

Sweden – commercial TV revenue (€m), relative to minutes of TV viewed (#/capita/day)

Source: MMS, Group M, Ampere models and estimates.
Thank you

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